Remarks

35 U.S.C. § 103 Rejection of Claim

In the August 27, 2004 office action, claims 1, 2, 4, 6, 8 - 10, 13, 14, 16, 18 and 20 through 22 are rejected under 35 U.S.C. § 103(a) as being unpatentable over the combination of "Business valuations: applicable standards for CPAs" by Randy Swad (hereinafter, Swad) and "EQK Realty Investors" by Business Editors & Real Estate Industry Writers (hereinafter, EQK). As detailed below, Swad refers to the Uniform Standards of Professional Appraisal Practice (hereinafter, USPAP). The comments below rely on the 1997 version of USPAP.

The Applicant traverses all § 103 rejections by noting that the Examiner has failed to establish the prima facie case for obviousness that is required to sustain a §103 rejection. A prima facie case for obviousness requires, among other things, a combination or modification of references that would make the invention obvious and a suggestion to combine or modify the references. As detailed below, the August 27, 2004 office action fails to establish a prima facie case of obviousness in at least two distinct ways.

The first way that the August 27, 2004 office action fails to establish a prima facie case for obviousness is that it does not identify a combination or modification of references that would describe or make obvious a single claim in the instant application. A review of independent claims listed above (claims 1 and 13) and the evidence presented by the Examiner in rejecting these claims will illustrate this point.

Claim 1	1. A computer-implemented method for identifying value drivers by element of value over a sequential series of points in time preceding a specified valuation date, comprising the steps of: (a) entering into a memory of said computer, for each point in time of said sequential series of points in time, three numbers representing the current operation revenue, current operation expense, and current operation changes in capital of said enterprise; (b) entering into a memory of said computer numbers representing the value of variables associated with all items within an element, for each point in time of said sequential series of points in time, for each element; (c) calculating and storing item performance indicators, for each element of said enterprise, for said sequential series of points in time from the item variables entered in step (b); and (d) identifying the item variables and the item performance indicators that generated enterprise current-operation: revenue, expense or changes in capital, over said sequential series of points in time, as value drivers, by element using a search algorithm.
1. Reference cited by Examiner (USPAP Standard No. 9)	In developing a business or intangible asset appraisal, an appraiser must be aware of, understand and correctly employ those recognized methods and procedures that are necessary to produce a credible appraisal.
2. Reference cited by Examiner (USPAP Standard Rule 9 - 4)	In developing a business or intangible asset appraisal, an appraiser must observe the following specific appraisal guidelines when applicable: (a) consider all appropriate valuation methods and procedures (b) collect and analyze relevant data regarding: (i) the nature and history of the business; (ii) financial and economic conditions affecting the business enterprise, its industry and general economy; (iii) past results, current operations and future prospects of the business enterprise; (iv) past sales of capital stock or other ownership interests in the business enterprise being appraised; (v) sales of similar businesses or capital stock of publicly held similar businesses; (vi) prices, terms and conditions affecting past sales of similar business assets
3. Reference cited by Examiner (Swad, page 7)	Scope of Work Standards: What is the scope of work required to estimate the value of a business? First, the terms "business appraisal" and "business valuation" have the same meaning. A CPA cannot avoid the requirements of a business appraisal by referring to his or her work as a business valuation. CPC Rule 201 requires the gathering of sufficient relevant data to afford a reasonable basis for a conclusion. SSCS *No.* 1 requires that the client be informed of significant engagement findings.

	These standards appear to provide the CPA with a great deal of flexibility in the performance of business valuation services. When Rule 201 and SSCS *No. 1* are considered in conjunction with the standards established by the appraisal profession, however, a much more structured scope of work standard emerges. In a standard business valuation, the scope of work is very comprehensive. USPAP Standard No. 9 requires an appraiser to employ recognized methods and procedures. Rule 9-4 requires the following scope of work: 1. Consider all appropriate valuation methods and procedures, and 2. Collect and analyze relevant data regarding: a. the nature and history of the business; b. financial and economic conditions affecting the business enterprise, its industry, and the general economy; c. past results, current operations, and future prospects of the business enterprise; d. past sales of capital stock or other ownership interests in the business enterprise being appraised ; e. sales of similar businesses or capital stock of publicly held similar businesses; and f. prices, terms, and conditions affecting past sales of similar business assets. Standard No. 9 contains many other requirements but Rule 9-4 generally defines the scope of work involved in a standard business valuation engagement. Working through the steps of Rule 9-4 and preparing a formal report in accordance with Standard No. 10 is a time-consuming process. requiring a substantial fee. CPAs, however, are often asked to advise a client on the value of a business in circumstances which do not justify the expense of a standard business valuation under USPAP, e.g., a client may ask for assistance in establishing a selling price for a business. USPAP, ASA, and IBA standards all provide for limited scope business valuations. USPAP contains a departure provision which permits limited exceptions to specified USPAP sections. Rule 94 is one of the sections permitting departures. The departure provision, however, contains the following requirements: An appraiser may enter into an agreement to perform an assignment that calls for something less than, or different from, the work that would otherwise be required by the specific guidelines, provided that prior to entering into such agreement: 1. the appraiser has determined that the assignment to be performed is not so limited in scope that the resulting

	appraisal, review, or consulting service would tend to mislead or confuse the client, the users of the report, or the public; and 2. the appraiser has advised the client that the assignment calls for something less than. or different from, the work required by the specific guidelines and that the report will state the limited or differing.
4. References cited by EQK (Page 1)	ATLANTA - (BUSINESS WIRE) - EQK Realty Investors I (NYSE Symbol EKR) Thursday reported its results of operations for the year ended Dec. 31, 1991, reporting revenues from rental operations of $21.3 million and a net loss of $15 million, or $1.97 per share. For the year ended Dec. 31, 1990, the company reported revenues of $20.5 million and a net loss of $58.6 million, or $7.72 per share. A major component of the net loss in both full-year periods was a write-down of the company's carrying value of Peachtree - Dunwoody Pavilion and Castleton Commercial Park, its two office properties located in Atlanta, and Indianapolis, Ind., respectively. The amount of such write-down was $8.4 million, or $1.11 per share, in 1991 and $53.4 million, or $7.04 per share, in 1990. No similar write-down was required for the company's regional shopping center, Harrisburg East Mall, in either year. For the three months ended Dec. 31, 1991, revenues from rental operations were $5.2 million and net loss $7.4 million, or 98 cents per share, including property write-downs of $5.4 million, or 72 cents per share. In the fourth quarter of 1990, revenues were $6.1 million and net loss was $831,000, or 10 cents per share. The company had previously announced that it was undertaking efforts to refinance or repay its zero coupon mortgage notes, which mature in December 1992, through restructuring of the existing debt and/or the sale of one or more properties. The company is currently involved in ongoing discussions concerning the possible sale of Peachtree - Dunwoody Pavilion. In addition, the company is in ongoing discussions with the mortgage lender on a refinancing plan in which the company may retain all three properties, although such a financing may require an infusion of new capital. The refinancing effort also includes negotiations with the company's commercial bank concerning the The company also announced the results of the annual appraisal of its properties, as determined by Landauer Associates, a nationally recognized independent real estate appraisal firm. As of Dec. 31, 1991, the total appraised value of the company's portfolio was $162.2 million, a reduction of 9.4 percent from 1990's year-end valuation Based on this appraised value , and taking into consideration the company Is liabilities, net of its other

	assets, and costs that would be associated with a liquidating sale, the company's liquidating value was approximately $6.50 per share at year end.
5. Reference cited by Examiner (EQK page 2)	(see table below)

	Three months ended December 31		Year ended December 31	
	1991	1990	1991	1990
Revenues from rental operations	$5,244	$6,077	$21,276	$20,532
Operating expenses net of tenant reimbursements	3,003	2,561	10,335	8,908
Depreciation and Amortization	1,483	1,774	5,659	6,240
Write down of investments	5,448	-	8,448	53,434
Income from rental operations	(4,690)	1,742	(3,166)	(48,050)
Interest expense	2,711	2,333	10,999	9,562
Other expenses net of interest income	46	240	811	897
Net loss	(7,447)	(831)	(14,976)	(58,609)
Plus – non cash items				
Depreciation / Amortization	1,483	1,774	5,659	6,240
Imputed interest	123	124	479	489
Zero coupon mortgage interest	2,369	2,143	9,229	8,318
Write down of investment	5,448	-	8,448	53,434
Non cash income	206	-	611	
Cash flow from operations	$2,182	$3,210	$9,450	$9,872
Net loss per share	(0.98)	(0.10)	(1.97)	(7.72)
Cash flow per share	0.29	.42	1.25	1.30

(a) Previously issued quarterly financial data has been

	restated to reflect a write-down in the amount of $53,434,000 of the company's investment in real estate as of June 30, 1990. At that time, the properties in the company's portfolio were deemed to be held for sale based upon the company's announcement on July 13, 1990 that it was exploring the sale of one or more of its properties.
What is not described or anticipated	1. A computer-implemented method for identifying value drivers by element of value over a sequential series of points in time preceding a specified valuation date, comprising the steps of: (a) entering into a memory of said computer, for each point in time of said sequential series of points in time, three numbers representing the current operation revenue, current operation expense, and current operation changes in capital of said enterprise; (b) entering into a memory of said computer numbers representing the value of variables associated with all items within an element, for each point in time of said sequential series of points in time, for each element; (c) calculating and storing item performance indicators, for each element of said enterprise, for said sequential series of points in time from the item variables entered in step (b); and (d) identifying the item variables and the item performance indicators that generated enterprise current-operation: revenue, expense or changes in capital, over said sequential series of points in time, as value drivers, by element using a search algorithm.
Conclusion	The cited references cannot be combined or modified to describe a single aspect of claim 1

In rejecting claim 13, the examiner combines the references cited above for claim 1 with an unsupported opinion that calculating value drivers to summarize element performance is similar to calculating sales of capital stock.

Claim 13	13. A computer implemented method for defining composite variables that represent the performance of elements of a business enterprise in generating current-operation revenue, expense and/or changes in capital during each point of time within a sequential series of points in time preceding a specified valuation date comprising the steps of: (a) entering into a memory of said computer, for each point in time of said sequential series of points in time, three numbers representing the current operation revenue, current operation expense, and current operation changes in capital of said enterprise; (b) entering into a memory of said computer numbers representing the value of variables associated with all items within an element, for each point in time of said sequential series of points in time, for each element; (c) calculating and storing item performance indicators, for each element of said enterprise, for said sequential series of points in time; (d) identifying the item variables and the item performance indicators as value drivers, by element, that generate enterprise current-operation: revenue, expense or changes in capital, over said sequential series of points in time, for each element of said enterprise; and (e) defining a composite variables that incorporates the value drivers identified in step (d) to summarize element performance in causing revenue, expense or changes in capital for each element of said enterprise.
Reference cited by Examiner for claim 1	Same references cited above for claim 1 plus an unsupported opinion that calculating value drivers to summarize element performance is similar to calculating sales of capital stock.
What is not described or anticipated	13. A computer implemented method for defining composite variables that represent the performance of elements of a business enterprise in generating current-operation revenue, expense and/or changes in capital during each point of time within a sequential series of points in time preceding a specified valuation date comprising the steps of: (a) entering into a memory of said computer, for each point in time of said sequential series of points in time, three numbers representing the current operation revenue, current operation expense, and current operation changes in capital of said enterprise; (b) entering into a memory of said computer numbers representing the value of variables associated with all items within an element, for each point in time of said sequential series of points in time, for each element; (c) calculating and storing item performance indicators, for each element of said enterprise, for said sequential series of points in time; (d) identifying the item variables and the item performance indicators as value drivers, by element, that generate enterprise current-operation: revenue, expense or changes in capital, over

	said sequential series of points in time, for each element of said enterprise; and (e) defining a composite variables that incorporates the value drivers identified in step (d) to summarize element performance in causing revenue, expense or changes in capital for each element of said enterprise.
Conclusion	The cited references cannot be combined or modified to describe a single aspect of claim 13

In a similar manner, the Examiner relies on unsupported opinion in combination with the references cited for claim 1 to reject claims 4, 16, 10 and 22. The Applicant traverses all these rejections by noting that the cited references fail to describe any aspect of a single claim. The Applicant further traverses these rejections by noting that they lack evidence and it is well established that substantial evidence is required to support decisions made by the PTO (In re Gartside 203F.3d 1305, 53 USPQ2d 1769 (Fed Circuit 2000)).

The second way the August 27, 2004 office action fails to establish a prima facie case of obviousness is that it does not provide any evidence indicating that there was a suggestion in the prior art that the teachings of the theoretical combination of Swad and EQK would be desirable. When determining obviousness, "the Examiner can satisfy the burden of showing obviousness of the combination 'only by showing some objective teaching in the prior art or individual to combine the relevant teachings of the references.'" (In re Lee, 277 F.3d 1338, 1343 61 USPQ2d 1430, 1434 (Fed. Cir. 2002), citing In re Fritch, 972 F.2d 1260, 1265, 23 USPQ2d 1780, 1783 (Fed. Cir. 1992)). More specifically, the Examiner has failed to provide any objective teachings that favor the theoretical combination.

The Applicant notes that there are still other ways to traverse all § 103 rejections.

35 U.S.C. § 101 Rejection of Claim

In the 27 August 2004 office action, claims 1 through 43 are rejected under 35 U.S.C. § 101 as being unpatentable given the Examiner's opinion that the claims are directed to non-statutory subject matter. More specifically, the Examiner presents a two prong test for identifying statutory subject matter and offers an unsupported opinion that the cited claims fail to meet both prongs of this test. The first prong of this test is a

technological arts requirement that lacks the support of precedent at this time. The second prong of the test is a requirement that the method produce results that are tangible (i.e. not disembodied from the physical world), concrete (i.e. assured or reproducible) and useful (i.e. have practical utility or real world value).

The Applicant traverses the § 101 rejections based on the first prong of the test in three ways. First, by noting that the Examiner has failed to consider the invention as a whole in accordance with the guidance of MPEP 2106 A. Second, by noting that several computer processing steps are required to complete the processing described in the cited claims. Third, by noting that the Examiner has failed to provide any evidence that the processing described does not fall within the technological arts. Under the Administrative Procedures Act (5 U.S.C. §706(2)) actions, findings and conclusions by the PTO require the support of substantial evidence to be lawful. Given the foregoing, the Applicant also notes that these rejections appears to be inconsistent with PTO policy as it was explained at the April 2004 Business Process partnership meeting that discussed, among other things, this new test that lacks the support of precedent.

The Applicant traverses all § 101 rejections based on the second prong of the test in two ways. First, by noting that the rejected claims each describe methods, systems and/or media for transforming data into results that are tangible (they concern physical entities like brands, customers, employees, partners, vendors and vendor relationships), concrete and useful (they support the analysis, management and optimization of real world business performance and real world business value). Second, by noting that the rejection is arbitrary and capricious because the Examiner has failed to provide any evidence that the clamed invention is not tangible, concrete and/or useful. Under the Administrative Procedures Act (5 U.S.C. §706(2)) actions, findings and conclusions by the PTO require the support of substantial evidence to be lawful.

Claim Objections

In the August 27, 2004 office action, claim 32 is objected to as being of improper dependent form. The cancellation of the existing claims makes this objection moot.

Information Disclosure Statement

Pursuant to 37 CFR 1.97 and 1.98, the references listed on the enclosed Form PTO - 1449 and/or Substitute Form PTO - 1449 ("Form 1449") are submitted for consideration by the Examiner in the examination of the instant patent application.

The full consideration of the references in their entirety by the Examiner is respectfully requested and encouraged. Also, it is respectfully requested that the references be entered into the record of the present application and that the Examiner place his or her initials in the appropriate area on the enclosed Form 1449, thereby indicating the Examiner's consideration of each of the references.

The submission of the references listed on the Form 1449 is for the purpose of providing a complete record and is not a concession that the references listed thereon are prior art to the invention claimed in the patent application. The right is expressly reserved to establish an invention date earlier than the above-identified filing date in order to remove any reference submitted herewith as prior an should it be deemed appropriate to do so.

Further, the submission of the references is not to be taken as a concession that any reference represents art that is relevant or analogous to the claimed invention. Accordingly, the right to argue that any reference is not properly within the scope of prior art relevant to an examination of the claims in the above-identified application is also expressly reserved.

Reservation of Rights

The Applicant hereby explicitly reserves the right to present the canceled claims for re-examination in their original format. The cancellation of the pending claims to put the instant application in a final form for allowance and issue is not to be construed as a surrender of subject matters covered by the original claims before their modification.

Payment Enclosed

The Applicant has enclosed payment for the information disclosure statement enclosed herewith.

Summary/Conclusion

The Applicant respectfully requests consideration of the instant application as amended herewith.

Respectfully submitted,

Dated: ______________ ____________________________________

Jeff S. Eder, Reg. No. 52,849